

To: Rhode Island Renewable Energy Fund Advisory Board **(Draft)**  
From: Nancy Selman  
Date: June 9, 2005  
Re: Meeting Minutes for May 10, 2005

Next meeting dates: Second Tuesday of every month. For 2005: 6/14, 7/12, 8/9, 9/13, 10/11, 11/8, 12/13.

In attendance: See attached Attendance List.

- 1) Minutes and Update
  - a) Minutes
    - i) URI – URI is only requesting that the installation costs of the anemometers be paid for by the Fund. The hardware will be supplied by Roger Williams University under its Wind Energy Center grant.
    - ii) Date correction: 2005 not 2006 ( twice)
  - b) Update –
    - i) Portsmouth Abbey – The Abbey received approval for zoning variance from Portsmouth Zoning Board of Approval. Narragansett Electric made the observation that the Abbey needs to do an interconnection study next.
    - ii) Raytheon – The question was raised as to whether it was too early to have Smartpower involved in the outreach effort. It was discussed that the anemometer tower will be installed shortly at Raytheon which will have visual impacts and thus require a coordinated outreach effort. The end goal of the outreach is successful permitting of the wind turbine.
    - iii) Energetech – The question was raised as to whether moving the Port Kembla unit to Pt Judith is this a viable plan. Energetech will be asked to make a presentation to the Board in the coming months to explain the company's plan with respect to the Project and answer questions from the Board.
- 2) NEED – The Parkview Elementary School is requesting \$5000 for the second year in a row to send students to Washington, DC to participate in the NEED program for energy education. The Board approved the request.
- 3) Policy Issues – The resolution passed by the Board regarding plasma arc technology resulted in an investigation by the Governor's office of Fund operations and decision-making. Going forward, meeting minutes and Fund updates will be sent to the Secretary of State's office and meeting dates will be posted on the Fund's website and in the SEO' offices.
- 4) RI Renewable Energy Standard (RES) Update – Bob Grace gave an update on the RES negotiated rulemaking.
  - a) The negotiating committee (NC) is involved in a series of meetings to deliver a draft set of rules or, at a minimum, draft rules and list of open issues by August 9 to the PUC. The main open issues in the RES rulemaking are the contracting standards (long term contracts), procurement issues, and penalty payments. In particular:
    - i) Long term contracts – Obligated entities are required to file procurement plans, and discussions will be had as to whether Narragansett Electric (NECO) should be required to enter into long term contracts for RECs. NECO has taken the position that the legislation does not require it to enter into long term contracts (see below.) Bob Grace has had meetings with Bob Warshaw of National Grid (NECO's parent company) to discuss the issue – Bob Grace has shared with Grid his analysis that illustrates the financial benefit to Grid for entering into long term contracts. RI EDC has also been approached to enter into discussions regarding EDC entering into long

- term contracts; in fact, Cape Wind is taking the perspective that this is the role crafted for EDC by the legislation.
- ii) Tradable emissions rights and RES interplay – Another issue that has surfaced in the rulemaking is: can emission rights be sold off separately? Most policy makers in the State have assumed that the RES is a greenhouse gas measure; however, some renewable energy project developers are lobbying for separately tradable emissions credits because this will allow for additional income streams which will help make projects more financially viable.
- b) Bob pointed out that the development of the RES portion of Fund programs and strategic plan is dependant on development of RES rules, and, therefore, is still a work in progress. There was discussion regarding securing RECs from Fund sponsored projects such as those being developed by Rentricity. (The agreement with Rentricity is that RECs will be supplied to the RES or the voluntary market in RI.) The RES includes small hydro as an eligible technology; Rentricity will have to be considered small hydro to be eligible under the current RES law.
  - c) Bob relayed information as well regarding a related discussion in MA, the Restructuring Roundtable. The main issue for Grid with respect to long-term contracts for RECs is that Grid does not intend to be a “load serving entity” (“LSE”) over the long term (its business plan calls for Grid to be a “wires-only” company.) Other speakers at the Roundtable advocated against long-term contracts for the same reason – utilities in deregulated environments such as those in MA and RI are not in the business of securing generating assets, including long-term contracts. As noted above, the economics can be favorable for procuring renewable energy under long-term contracts. One participant stated that an LSE can spend 11 cents per kwhr buying separate contracts in the spot market for RECs and energy vs. 8 cents for long term bundled energy and RECs. Separately, a proposal was put forward for an incentive arrangement, whereby, if an obligated (under the RPS) entity (LSE) enters into a contract for RECs with a project which is not yet on line, the ACP the LSE pays while project is being built would be at the level of the contract price for the RECs, not the normal ACP.
  - d) Customer-sited and off grid renewable energy installations are eligible for RES only if NEPOOL GIS certificates can be created. Several market participants are working on how to do this economically.
- 5) PUC Request for Facilitation of RES – Doug Hartley submitted a request for \$20,680 of additional funding for the facilitation by Raab Associates of the RES NC meetings. (The Board approved an expenditure of \$10,000 for this purpose in March of 2005.) The Board voted to approve the additional funding.
  - 6) Raytheon Proposed Wind Project -
    - a) RWU made a request for the anemometers and related hardware and photosimulations. The Board approved the request of \$7796 for the anemometers only, noting that the original photosimulation budget should be adequate and if not, Raytheon should pay for the costs of additional photosimulation services by RWU.
    - b) The request by Raytheon for \$23,866 for 80% of Tasks 2-4 was approved by the Board based on the conditions (see attached.)
  - 7) Roger Williams University – Materials used in outreach conducted by RWU under grants from the Fund will be subject to review and approval of materials prior to their use.
  - 8) Taqueria Pacifica – A grant request for \$1146 was approved by the Board for a 2000 watt PV system for a taco stand vehicle. Condition of approval includes use of signage explaining the PV system.
  - 9) NABCEP Solar Thermal – The Board approved a letter of support for national solar thermal certification program by NABCEP.

- 10) On-site C&I&I- A powerpoint presentation was made by Nancy Selman outlining the key points of a program to provide incentives for customer-sited wind, hydro and biomass projects at businesses and institutions. The program will be competitive (an RFP); funding levels are as yet undefined.

Decisions:

- 1) The Board approved a request for \$5000 for Parkview Elementary Students to attend the NEED program in Washington, DC.
- 2) The Board approved a request by the PUC to fund an additional \$20,680 for the facilitation services of Raab Associates for the RES negotiated rulemaking.
- 3) The Board approved a request by Roger Williams University for \$7796 for the anemometers for Raytheon.
- 4) The Board approved the request by Raytheon for \$23,866 for 80% of Tasks 2-4 of a wind feasibility study to be conducted by Boreal subject to conditions (see attachment.)
- 5) The Board approved a grant request by Taqueria Pacifica for \$1146 for a 2000 watt PV system for a taco stand vehicle. Condition of approval includes use of signage explaining the PV system.

Actions

- 1) Write letter to Parkview Elementary informing of the NEED grant of \$5000.
- 2) Post meeting times in lobby of SEO offices and on website. Send monthly updates to the Secretary of State.
- 3) Write letter to Raab Associates informing of \$20,680 increase in contract amount for RES facilitation.
- 4) Write letter to RWU informing of the grant of \$7796 for anemometer hardware for Raytheon.
- 5) Write letter to Raytheon informing of grant of \$23,866 for a wind feasibility study.
- 6) Inform RWU that all materials used in outreach supported by the Fund must be approved by the Board.
- 7) Write letter to Taqueria Pacifica informing of grant of \$1146 for PV system and outreach requirements.

Attendees:

Capobianco, Julie  
Chew, Bob  
Grace, Bob  
Hartley, Doug  
Jacobson, David  
Lueker, Bill  
McClanaghan, Janice  
Moskal, John  
Pavlidis, Lefteris  
Rose, Vin  
Selman, Nancy  
Stephens, Erich  
Vild, Bruce  
Ward, Harold  
Warfel, Chris

Attachment  
Raytheon Feasibility Study  
Draft Terms of Agreement

1. Grantee will provide to the Fund and the Rhode Island State Energy Office (“RISEO”) a right of first refusal to purchase all RECs and the associated REC attributes at any price which might be offered to the market (“Initial Price”.) If the Fund declines the RECs offer at the Initial Price, the Grantee may offer the RECs to the market at the Initial Price, but if the price is lowered before offering to the market, the lower price has to be offered to the Fund prior to offering to the market. The right to purchase shall be assignable by the Fund/RISEO provided that any party to whom this right might be assigned must be a qualified, credit-worthy party.
2. In the event that the Fund declines its rights of first refusal, Raytheon must either:
  - a. sell all RECs within Rhode Island; or
  - b. if RECs are not sold in RI, repay the full amount of the Grant to the Fund
3. In regards to all RECs assigned to and purchased by the RISEO, all environmental attributes associated with the production, including any or all tradable emission rights (such as Emission Reduction Credits) will either be (i) retired by Raytheon, or transferred to RISEO or retired by RISEO, at the RISEO’s discretion.
4. The term of this agreement is for the life of the project.